**San Francisco County Transportation Authority**

*Optimizing Mobility in the City*

# 1997 Strategic Plan Update

Adopted: December 15, 1997

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## I. Executive Summary

The Transportation Expenditure Plan commonly referred to as Proposition B, was passed by San Francisco voters in 1989. It's passage created the San Francisco Transportation Authority (Authority) in 1990 as a special purpose agency authorized to administer the sales tax revenues for the 20 year program period. The Authority's three main functions include administering and expediting delivery of Proposition B funds, improving mobility through investment decisions as San Francisco's Congestion Management Agency (CMA), and providing Program Management for the Transportation Fund for Clean Air (TFCA). The Authority's overall mission continues to be optimizing mobility for persons in the City thorough efficient and cost effective delivery of all these programs.

In its seventh year, the Authority is making great strides in delivering as dictated in the Transportation Expenditure Plan. The aggressive project delivery scenario outlined in this Strategic Plan Update, if attained, ensures that the Proposition B program will deliver its promise to San Francisco voters. Through joint effort and teamwork, City Departments and the Authority are set to deliver significant service improvements from projects such as the Muni Metro Turnback, Muni Metro Extension, the Automated Train Control System, Embarcadero Roadway, F-Line Streetcar Service, and new vehicle purchases, including Light Rail, Trolley and Motor Coaches. Other visible improvements to the City's transportation system include Metro Accessibility improvements, and bicycle, pedestrian, and disabled access improvements throughout the City, as well as implementation of the popular Red Light Enforcement Program.

The 1997 Strategic Plan Update presented here develops the Authority's recommended funding strategy for the critical next ten year period, ensuring delivery of the Expenditure Plan's priority programs and projects. The funding recommendations for the programs and projects developed in this update reflect the program's maturation and aggressive program delivery schedule over the next six years, as reflected in cash flow impacts from major construction activity. Therefore, these funding recommendations require a major change in the overall financial strategy from the existing pay-as-you-go strategy to one in which revenue bonding or other types of financing are used. With the exception of Muni projects, the Proposition B demand identified by City departments for the next ten years can be met with the projected revenue stream. However, for Muni to accomplish the vehicle and facilities programs along with the Third Street Light Rail Project in the same time frame 2000-2003, the Authority will need to finance against future sales tax collected.

## II. Background and Objectives

The original 1993 Strategic Plan defined the Authority's role as a planning, programming, funding, and oversight agency. It spelled out the Authority's responsibilities as both the administrator of the Proposition B sales tax program and as the Congestion Management Agency (CMA) for the City and County of San Francisco. It developed an initial 9-year funding program, established the initial pay-as-you-go financial strategy, and outlined the Authority sales tax funding policies.

The 1995 Strategic Plan Update revisited sales tax revenue forecasts, funding commitments versus Expenditure Plan, re-evaluated the pay-as-go financing strategy, reviewed sales tax funding policies, recommended project allocations, and identified the need for financing once Third Street Light Rail Project began construction.

The 1997 Strategic Plan Update developed the Authority's funding strategy for the next 10 year period.

This analysis identified expected allocation versus expected cash-in-hand for project expenditures. The resulting recommended program represents a snapshot of the best estimate of both the readiness of projects and programs to be funded, and the timing of future funding availability and requests based on the best information available. This update provides a strategy for funding programs and projects included in the Expenditure Plan based on individual project costs and funding and on overall economic forecasts. While for planning purposes the update has a ten year horizon, this strategy is most accurate for the next two-year period. Even then, it is subject to the volatility of assumptions about external funding and implementation scheduling ...nts.



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## III. Methodology

The current update was developed over a one year period and involved participation from the City Departments which sponsor projects and programs, as well as the Authority, including the following:

- Public Transportation Department (PTD) (Muni)
- Department of Public Works (DPW)
- Department of Parking and Traffic (DPT)
- Planning Department
- Authority's Citizen's Advisory Committee (CAC)
- Project Management Oversight Consultants led by Nolte and Associates.

The following analyses were performed to arrive at the Strategic Plan Update results presented in the next section:

- Updated sales tax revenue forecast and enhanced Program Information Management System (PIMS)
- Updated, reviewed, and refined project scopes, schedules, and cost/funding estimates
- Revisited State and Federal Revenue Forecasts
- Determined obligation and cash flow requirements for project delivery
- Performed financial alternatives assessment.

The steps that make up this methodology are briefly summarized below.

### *Updated Sales Tax Revenue Forecast and Enhanced PIMS*

The Authority's Program Information Management System (PIMS) was enhanced this year to become the primary tool for development of scenarios and tables for the Strategic Plan Update. PIMS maintains and reports resolution, obligation, and drawdown data. PIMS software was enhanced to contain the historical information on resolutions and obligations of Proposition B funds and drawdowns, information which was then used to develop the cash flow algorithm of program demands.

In order to develop a financial strategy, the Authority reviewed the historical performance of sales tax receipts in San Francisco for the last seven (7) years and identified and refined projections for expected revenue receipts in the future. Projections distinguish increases due to growth and those due to inflation. The revenue forecast was then updated.

### *Key Assumptions*

This Strategic Plan Update is based upon the several key demand and revenue assumptions. Key project demand, based on our review and concurrence with City Departments, includes the following specific projects:

- Muni Metro Turnback Subway and Metro Extension full service including the Automatic Train Control System scheduled to be in operation by mid FY98/99
- F-Line Street Car full service operation from Duboce and Market Street to Fisherman's Wharf scheduled for mid FY99/00
- New vehicle replacement programs substantially complete for Light Rail Vehicles, Motor Coaches and Trolley Coaches by FY00/01
- Third Street Light Rail Project and Metro East Light Rail Vehicle Facility complete by FY03/04
- Various facility projects indicated as follows complete by FY00/01:
  - Islais Creek (Phase 1 & 2)
  - 700 Pennsylvania replacement
  - Existing facilities preservation projects
- Street Resurfacing Priority 1 projects by FY03/04
- Signal Upgrade Priority 1 Projects by FY02/03
- Embarcadero Roadway completion by mid FY99/00

Key assumptions on the revenue side are based on a substantial revenue improvement over 1995 Strategic Plan Update projected revenues. As summarized in Table 1, the Expenditure Plan anticipated $902 million (1990$) available for projects over the twenty years of the collection of sales tax. Although the recession experienced between 1989-1993 had a direct impact on Proposition B revenue forecasts, interest income on collected revenue resulted in a 1993 projection of $884.8 million (1990$ ).

Interest income continued to partially offset reduced sales tax receipts during 1995 projections, resulting in a projection of $840.2 million.

A real growth factor of 2.5% is being used for the current year and following year (FY97/98 and FY98/99) with 1.0% being used for the remaining years of the program for this projection. This is slightly less conservative than previous projections but is consistent with other external projections of real growth. External resources used to substantiate this assumption were Association of Bay Area Government's (ABAGs) Projection 96, MTC's sales tax receipts for San Francisco County, and the San Francisco County Controllers Office projections.

In the ten year window for this Update, projecting inflation helps the Authority estimate its actual dollar outlay in any particular year. Over the last five years, inflation has averaged 2.2%. If the Federal Reserve Bank keeps up its pressure to control inflation through raising interest rates, it is likely that it will remain low for the next few years. With this in mind, an inflation factor of 2.5% is used for the next two years and 3.0% is used for the remaining eight years of the update.

### *Updated, Reviewed, and Refined Project Scopes, Schedules, and Cost/Funding Estimates*

The Authority worked with each City Department to update project scopes, schedules, costs, and cash flow data for active projects. Additional information was obtained from sponsoring departments for new projects. Information obtained for each project was examined to ensure scope, schedules, key assumptions, and estimates were appropriate in relation to the goals of the Proposition B Program. Operations and maintenance funding needs for the next ten years were also gathered. Proposed projects that have accessibility components (e.g., during construction, vehicle procurement, and paratransit services) were identified and costs related to accessibility are included in the projected costs.

Each project's scope, schedule and cost were summarized on a cost/funding matrix using escalated dollars with key assumptions identified. Federal and State revenue forecasts, provided by MTC and Caltrans, were also updated, and used in the cost/funding matrices. In consultation with City Departments, projects were identified that are likely to be unable to be accomplished in the program's 20 year time frame. As part of each package, a City Department designated lead approved each project cost/funding matrix.

### *Revisited State and Federal Funding Mechanisms*

The Proposition B program leverages several times its own size in state and federal funds. Therefore, in addition to the new Proposition B revenue forecasts, state and federal funding projections were also revisited to complete the revenue forecast picture. The cost/funding matrices were prepared using the latest information available from the Metropolitan Transportation Commission. It is expected that these figures will change as the debate over reauthorization of the federal Surface Transportation Act follows its course. A new, multi-year federal Act is not likely to be in place before the Fall of 1998. Authorization levels and changes in program eligibility, coupled with annual appropriations levels by Congress will be the determining factors in establishing the availability of federal dollars to San Francisco's transportation program, and they will surely result in adjustments to the assumptions contained in this Plan.

Though decidedly more positive than in the 1995 Strategic Plan Update, the outlook for state funding is less than bright. The passage of SB 45 earlier this year resulted in a complete restructuring of the state transportation funding process. The State Transportation Improvement Program (STIP) will now be a 4-year (instead of 7-year) document and many of the eligibility categories and special funding accounts have been collapsed into two basic categories: a regional choice program, accounting for 75% of the funds, and a discretionary program to deal with statewide priorities, such as interregional roads and intercity rail. As a transitional measure, the 1998 STIP will be 6 years long. Therefore the 2000 STIP will offer little new programming capacity. As a complicating factor, the recent statewide agreement on funding of the seismic reinforcement of the state's toll bridges (including replacement of the East span of the Bay Bridge), involved a massive transfer of funds that otherwise would have been available for transit projects, resulting in a slight net decrease in the total amount of state funds available for programming in the STIP at this time. This is reflected in the forecasts incorporated into the Plan. The next big opportunity for programming of state funds will therefore be in the 2002 STIP, and the main determinant of fund availability at that time will be the state of California's economy. It is worth noting that a potential source of funding that may help to stabilize the fluctuations in the STIP cycle is the proposed regional gas tax, which would be collected in the Bay Area. This initiative, which was authorized by the legislature in October, will require voter approval.

### *Determined Obligation and Cash Flow Requirements for Program Delivery*

To develop comprehensive obligation and cash flow projections, the Authority determined the range of time in which each project expenditure is scheduled to be made. The delivery schedule program was then used to determine minimum and maximum anticipated cash flow requirements at any given time. Use of a range allows delivery schedules to retain some flexibility to compensate for unanticipated delays or expenditures. Projects scheduled for earlier delivery were scrutinized more carefully to assure that the cash flow schedule remains accurate and to allow time for corrective action. In addition, preliminary cash flow projections for all projects in the Proposition B program were established.

### *Assessed Financial Alternatives*

The Authority identified if and when a cash flow shortage will occur. This included a rough comparison of the cost of bonding to move a project forward verses the increase in the project's cost (inflation) if the project is delayed. Financial strategies were reviewed to assure the inclusion of all associated financing costs with each element of the financial plan. Various funding scenarios were developed, and impacts on projects which may be delayed as a result of continuing with the pay-as-you-go strategy were identified. If the Authority were to continue with a Pay-as-you-go strategy, the Third Street Light Rail Project (including the Metro East LRV facility) and portions of the Muni vehicle replacement program (LRV and Motor Coach Purchase and Facilities Program (Islais Creek and Preservation projects) would be delayed. Also, allocations for other programs such as Street Resurfacing and Signal Upgrading would also likely need to be lowered and extended over the life of Proposition B.

## IV. Recommendations

### *Program Recommendations*

Table 2 presents Draft Recommended Funding Allocations, detailing the recommended funding commitments from FY97/98 through FY06/07 in escalated dollars. With the exception of Muni's rehabilitation and facilities needs, most of the Proposition B demand identified by City departments for the next ten years can be met with the projected revenue stream.

The following is a brief description of key projects and programs within each of the sponsoring City departments that will be accomplished within the ten year period of the program.

**Department of Public Works (DPW)**
The Department of Public Works continues to move forward with various capital improvement projects and programs. These include completing construction of the final element, or mid-section, of the Embarcadero Roadway by FY99/00, and expediting the street resurfacing program. Priority 1 resurfacing activities are scheduled for completion by FY04. Additional street tree planting and maintenance activities are programmed through 2001/02, with the final program for planting trees in new areas projected to be complete by the end of the century. Sidewalk repair and replacement of street maintenance equipment will continue at current levels through 2003. In addition, work will be completed on Phase I and II of the Bernal Heights street system upgrading and the Third Street median island projects, the latter to be accomplished at the same time as the Third Street rail project. project. Downtown pedestrian projects are programmed through 2001 for a total of $2.2 M.

**Department of Parking and Traffic (DPT)**

The Department of Parking and Traffic will complete Priority 1 Signal Upgrading work by FY02/03, through continued Authority programming of approximately $5M each year. New Traffic Signals construction continues with a total of over $5M(approximately $500,000 each year) to be allocated over the life of the program. As per the agreement between DPT and DPW, the remaining $1.4M in the Bicycle, Pedestrian, and Disabled Access subcategory is programmed for bicycle improvements.

**Planning Department (DCP)**

The Planning Department will continue to perform program development and monitoring activities in the Transportation Brokerage and the Transportation Management Association programs through 04/05, when the projected funding cap for these subcategories will be reached. Planning activity by the Planning Department continues through 00/01 in Transit Preferential Streets and the pedestrian programs, but the majority of the funds are now programmed for implementation by the Public Transportation Department and Department of Public Works.

**Public Transportation Department (PTD)/Muni**

The three most important projects for the PTD in the next ten years are replacement of the LRVs, trolley and motor coach fleets, a facilities preservation program, and construction of the Third Street Light Rail Project.

*Fleet Replacement*
MUNI's LRV financial plan continues to assume FTA approval of sole source procurement for the reminder of the replacement fleet. From a cash flow perspective this translates in to earlier demand for Proposition B dollars. Despite this added pressure on Proposition B cash flow, the sole source procurement approach is desirable, since it should result in overall savings to the project and place new vehicles in service sooner.

Authority and PTD staff have refined the Trolley Bus and Motor Coach replacement projects including preparation and evaluation of detailed cash flow projections. We have reviewed the assumptions for federal and state matching funds and they appear realistic. However, we will need to closely monitor ISTEA reauthorization legislation and MTC programming of federal dollars to validate or adjust assumptions about future federal revenues, with particular focus on when these funds may become available.

*Facilities Rehabilitation/Expansion*
The facilities program originally had greater demand than the anticipated available Proposition B revenues. MUNI and the Authority staff have agreed to tradeoffs which will use the available revenues for the highest priority projects, which are those projects included in the Facilities Preservation Program. However, the draft program also includes the construction of replacement maintenance facilities at the Islais Creek and 700 Pennsylvania sites, as well as and $3.25 M for rail replacement. The demand for other replacement facilities has been deferred to the years beyond the Prop B program until new funding sources are identified.

*Third Street Light Rail Project & Metro East LRV Facility*
A review of project cashflow demand shows that: 1) in order to deliver the project by year 2003 the Authority will need to finance against future sales tax collected and 2) in order to meet the funding demand more than one Proposition B line item project will need to be utilized.

Current cost estimates (in 1997 dollars) for the initial project (not including additional Mission Bay additional service in 2015) are $256.4 M for the rail project and $106.1 M for the rail maintenance facility. Recommended funding for the Third Street project is outlined below:

**Third Street/Metro East Facility Projects**
**(Prop. B Funding in 1997$ Million)**

| Project Number | Total Cost of Projects | Third St. Light Rail $256.40 | Metro East LRV Facility $106.10 |
|---|---|---|---|
| TA#14 | Corridor Planning | 5.00 | |
| TA#15 | Capital Construction | 232.65 | |
| TA#2* | MMX down 3rd Street | | 29.26 |
| TA#3* | Mission Bay Metro Ext. (1) | 9.41 | 4.35 |
| TA#8* | Metro East LRV Facility | | 21.95 |
| TA#39 | Third Street Median Island | 8.57 | |
| **Total Prop. B Funding Available** | | **$256.40** | **$55.56** |
| **Anticipated State Funding** | | | **$25.64** |
| **Overage (Shortage)** | | **$0.00** | **($24.90)** |

*Remaining Balance based on the 1990$ "Cap"

(1) Portion of Mission Bay Metro Extension used to complete funding of Third Street Light Rail; balance used in Metro East Facility

The Draft EIR/EIS for the Third Street Light Rail Project concludes that meeting the transit needs of the new Mission Bay development (planned for 2015) will require the establishment of a short line service, running between 16th and 3rd and the Embarcadero Station. This service, which will be over and above the planned headways for the baseline Third Street Light Rail Project, will require the purchase of another 10 LRVs (about $38 million) and the installation of turnback track (about $4.2 million) for an additional cost of approximately $42.2 million in 1997 dollars. Because of the time horizon of these projects, well beyond the time frame of this Strategic Plan Update, neither the turnback track nor the likely operating and maintenance costs for this service have been computed here. However, it is worth noting that it would be desirable and certainly less expensive to purchase the 10 additional LRVs as part of the upcoming LRV3 procurement process. Although not a direct responsibility of Proposition B, depending on the potential level of developer contributions, this expense is likely to have a significant impact on Authority programming strategy for state and federal funding.

Current cost estimates for the initial project are $256.4 M for the rail project and $106.1 M for the rail maintenance facility. Potential funding for the Third Street Light Rail Project includes approximately $312 million from Proposition B and an additional $25 million of state funds. Potential deficits can be eliminated by reducing the overall cost of the project by implementing specific cost cutting measures as recommended in Policy Recommendation #2.

### *Funding Strategy Recommendations*

**Financing Strategies**

Table 3 includes a graphic display of the projected cumulative tax revenue versus the cumulative cash demand for the Proposition B program. In FY00/01 the cumulative cash demand exceeds the cumulative revenue. In order for the Authority to meet this cash demand, the Authority must finance.

Given the anticipated program and project expenditures, sales tax revenue projections, and resulting anticipated cash flow shortfall, the decisions facing the Authority are 1) when to finance and 2) in what form financing should be pursued.

**Timing**

The question of timing is a function of 1) the timeframe in which funds are required to meet project commitments and 2) timing of purchase to maximize market conditions for tax-exempt securities.

**Structure**

In terms of financing structure, several choices are available:

1. the issuance of fixed-rate, long-term debt
2. the issuance of short-term, variable-rate debt
3. a combination, over time, of each

Financing option decisions over the next several years will depend upon market conditions, preferences of the Board of Commissioners, and the demonstrated ability of project sponsoring departments, especially Muni, to utilize Authority funding on time and within budget.

Regardless of which financing strategy the Authority chooses for years of heavy capital expenditure (FY99/00 - FY01/02), the Authority will begin next year to evaluate the potential for entering the market to take advantage of the extremely favorable market conditions. The first step will be retention of a financial advisor, who will lead the effort to confirm the most advantageous financing strategies for implementation of the priority projects in the Expenditure Plan.

### *Policy Recommendations*

In order to adopt the ten year funding program outlined in Table 2. Several policy issues must also be decided upon. Specific policy issues have developed as a result of our analysis. The following policy recommendations are a critical component for successful implementation of this Strategic Plan.

**Policy Recommendation #1: Emphasize flexibility in funding subcategories as priority programs and projects are completed.**

The Authority should exercise its ability to move funds from one subcategory to another in the Expenditure Plan. Authority staff has identified seven line item projects which can be available for funding of the Third Street Light Rail Project. Using funds from six line item projects and an anticipated $25.64 of state funding still leaves a shortfall of approximately $24.90 million (1997$ dollars) for the new rail maintenance facility.

**Policy Recommendation #2: Further scrutinize costs for the Third Street Light Rail Project.**

Related to the shortfall discussed above, the Authority should urge that all possible actions be taken to reduce costs. For example, a reduction in the right-of-way costs (estimated at $25M) for the new maintenance facility would significantly alleviate the shortfall and allow the project to be funded primarily with Proposition B funds. Authority staff will comment on the right-of-way-strategy and other aspects of the proposed project financial plan to be included in the Draft EIR. Additionally, the Authority will require that Muni implement an extensive value engineering exercise prior to final design. Staff also recommends stricter project oversight during final design and construction to help control costs for this project.

**Policy Recommendation #3: Change the policy on allocation of financing cost.**

The Authority should revise the existing Capital Cost Eligibility Policy, which requires that financing costs for a project be allocated to that specific project. The project financing costs should be instead be spread over the whole program. Table 2 demonstrates that if the current schedule for Third Street Light Rail Project is maintained, borrowing will be required in the FY00/01. Our current assumption is that borrowing cost could range from $40-80 million (in escalated dollars) depending on the type of financing arranged. A variable rate instrument could reduce borrowing costs, but represents a higher risk to the Authority. Financing cost could be around $80 million (total financing costs minus future interest income) using more conservative fixed rate serial bonds. The net projections available to the program in Table 1 used the more conservative fixed rate financing assumption. The Third Street Light Rail Project, with its existing schedule and cashflow demands, is the primary driver for financing. If the finance costs are allocated solely to this project, it will increase the funding shortfall and exacerbate the problem. The Expenditure Plan states that any revenue collected over that projected should be allocated according to the 60/30/8/2 split over the entire program. Therefore, staff recommends the same allocation for financing costs.

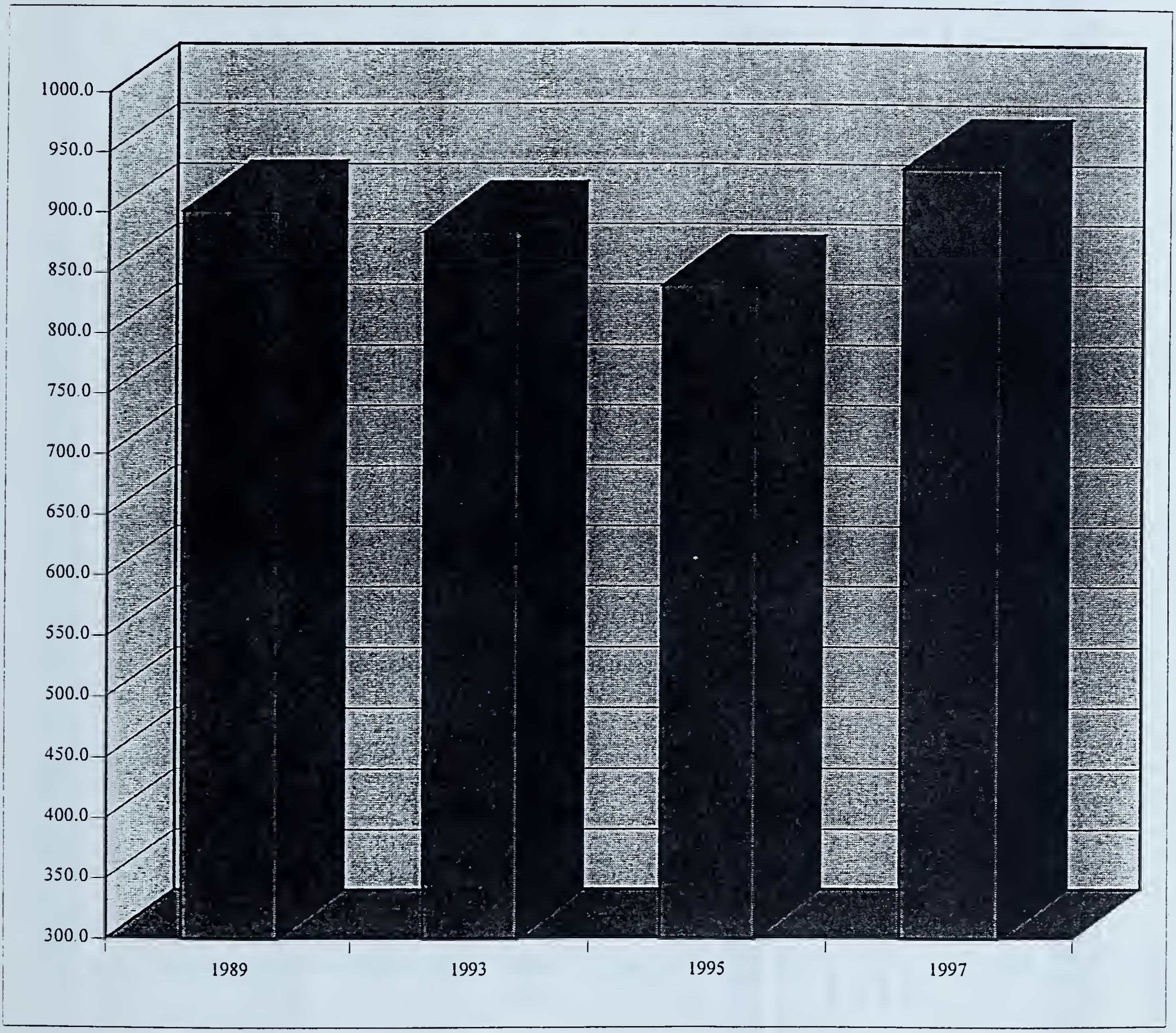
# V. Conclusion

This Strategic Plan Update provides an analysis of best available demand and revenue projections. Revenue projections have increased, and cash flow demand is projected to be heaviest from FY98/99-FY00/01, due to pending delivery of key projects. Financing will be required to deliver this aggressive schedule. These program recommendations are dependent upon City department delivery on schedule and on budget. If the Departments remain on schedule, a majority of key projects will be delivered by FY03/04. The Authority's next steps include:

1. Determining the most advantageous financing strategies to meet program demand
2. Intensifying Authority oversight efforts for significant projects such as Third Street Light Rail Project as they enter final design and construction.

## TABLE 1

# 20 Year Net Revenue Projections (1990$ in Millions)




| | Sales Tax | Anticipated Interest Income | Total |
|---|---|---|---|
| **1989 Expenditure Plan** | 902.0 | 0.0 | 902.0 |
| **1993 Strategic Plan** | 853.3 | 31.5 | 884.8 |
| **1995 Strategic Plan Update** | 784.7 | 55.5 | 840.2 |
| **1997 Strategic Plan Update** | 874.9 | 62.9 | 937.8 |

*TABLE 2 - Recommended Funding Allocations*

| No. | Project/Program | Lead | Priority | Through FY96/97 | FY97/98 | FY98/99 | FY99/00 | FY00/01 | FY01/02 | FY02/03 | FY03/04 | FY04/05 | FY05/06 | FY06/07 | FY07/08 | FY08/09 | 3/4 of FY09/10 | 10yr SPU Allocation | 20yr Program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | REVENUE | | | | | | | | | | | | | | | | | | |
| | Gross Sales Tax Receipts | | | 334.42 | 56.93 | 59.81 | 62.22 | 64.73 | 67.33 | 70.05 | 72.87 | 75.81 | 78.86 | 82.04 | 85.35 | 88.79 | 69.27 | 1,025.06 | *1,268.46* |
| | Less St Bd of Eq Fee (1.5%) | | | 5.34 | 0.85 | 0.90 | 0.93 | 0.97 | 1.01 | 1.05 | 1.09 | 1.14 | 1.18 | 1.23 | 1.28 | 1.33 | 1.04 | 15.70 | *19.35* |
| | Less Staff Salaries and Benefits (1%) | | | 2.92 | 0.65 | 0.65 | 0.61 | 0.64 | 0.67 | 0.73 | 0.75 | 0.77 | 0.80 | 0.84 | 0.89 | 0.95 | 0.79 | 10.05 | *12.68* |
| | Less Authority Operating Expenses (1%) | | | 3.40 | 0.65 | 0.65 | 0.61 | 0.64 | 0.67 | 0.73 | 0.75 | 0.77 | 0.80 | 0.84 | 0.89 | 0.95 | 0.79 | 10.53 | *13.16* |
| | Less Project Management Oversight (.75%) | | | 1.30 | 0.49 | 0.49 | 0.46 | 0.48 | 0.50 | 0.55 | 0.56 | 0.58 | 0.60 | 0.63 | 0.67 | 0.72 | 0.59 | 6.65 | *8.62* |
| | Plus Interest Income (5.25%) | | | 44.17 | 7.44 | 4.97 | 0.00 | 0.00 | 0.64 | 3.09 | 2.22 | 1.70 | 1.59 | 1.97 | 2.97 | 4.57 | 5.94 | 67.78 | *81.26* |
| | Equals Net Sales Tax Receipts | | | 365.62 | 61.71 | 62.08 | 59.60 | 62.00 | 65.12 | 70.07 | 71.93 | 74.24 | 77.06 | 80.47 | 84.59 | 89.40 | 72.01 | 1,049.91 | 1,295.91 |
| | Less Financing Cost | | | | 0.00 | 0.00 | 6.73 | 13.79 | 16.90 | 17.71 | 15.80 | 13.79 | 11.67 | 9.44 | 7.10 | 4.63 | 2.03 | 105.83 | 119.59 |
| | Net Receipts Available For Projects/Programs | | | 365.62 | 61.71 | 62.08 | 52.87 | 48.21 | 48.22 | 52.36 | 56.13 | 60.45 | 65.39 | 71.03 | 77.49 | 84.77 | 69.98 | 944.08 | 1,176.32 |
| | TRANSIT | | | | | | | | | | | | | | | | | | |
| | Service Enhancements and Extensions | | | | | | | | | | | | | | | | | | |
| 1 | Muni Metro Turnback | MUNI | 1 | 15.42 | 0.91 | 0.91 | 0.93 | | | | | | | | | | | 18.16 | |
| | Muni Metro Turnback O&M | | | | 0.91 | 0.91 | 0.93 | | | | | | | | | | | 2.74 | |
| 2 | Muni Metro Extension | MUNI | 1 | 9.10 | 5.55 | 5.19 | 29.45 | 1.67 | 1.75 | 1.84 | 1.93 | 1.06 | | | | | | 57.53 | |
| | MMX-(Seg. 1 & 2) & (Down 3rd St - 99/00) | | | 9.10 | | 3.68 | 27.87 | | | | | | | | | | | 40.65 | |
| | MMX - Embarcadero to MMX | | | | 4.10 | | | | | | | | | | | | | 4.10 | |
| | Muni Metro Extension O&M | | | | 1.45 | 1.51 | 1.59 | 1.67 | 1.75 | 1.84 | 1.93 | 1.06 | | | | | | 12.78 | |
| 3 | Mission Bay Metro Ext. | MUNI | 1 | 1.23 | | 15.26 | | | | | | | | | | | | 16.49 | |
| 4 | F-Line Streetcar | MUNI | 1 | 38.03 | 0.90 | 1.13 | 1.50 | 1.73 | 1.97 | 2.20 | | | | | | | | 47.45 | |
| | F-Line Streetcar (Market St. O&M) | | | 2.24 | 0.90 | 1.01 | 1.13 | 1.28 | 1.43 | 1.60 | | | | | | | | 9.58 | |
| | F-Line Streetcar (Embarcadero O&M) | | | | | 0.12 | 0.36 | 0.45 | 0.54 | 0.60 | | | | | | | | 2.07 | |
| 8 | Metro East LRV Facility | MUNI | 1 | 0.10 | | | 23.74 | | | | | | | | | | | 23.84 | |
| | Subtotal | | | 70.05 | 7.35 | 22.48 | 55.62 | 3.39 | 3.72 | 4.03 | 1.93 | 1.06 | | | | | | 169.63 | |
| | Major Transit Corridors | | | | | | | | | | | | | | | | | | |
| 14 | Corridor Studies | MUNI | 1 | 5.52 | 0.68 | 5.20 | | | | | | | | | | | | 11.40 | |
| ai | 3rd St. - EIS | | | 3.88 | 0.57 | | | | | | | | | | | | | 4.45 | |
| c | 3rd St. Project Management | | | 0.70 | 0.10 | 5.20 | | | | | | | | | | | | 6.01 | |
| 15 | Capital Construction Fund | MUNI | 2 | | | | 60.56 | 133.84 | 64.99 | | | | | | | | | 259.39 | |
| | Subtotal | | | 5.52 | 0.68 | 5.20 | 60.56 | 133.84 | 64.99 | | | | | | | | | 270.79 | |

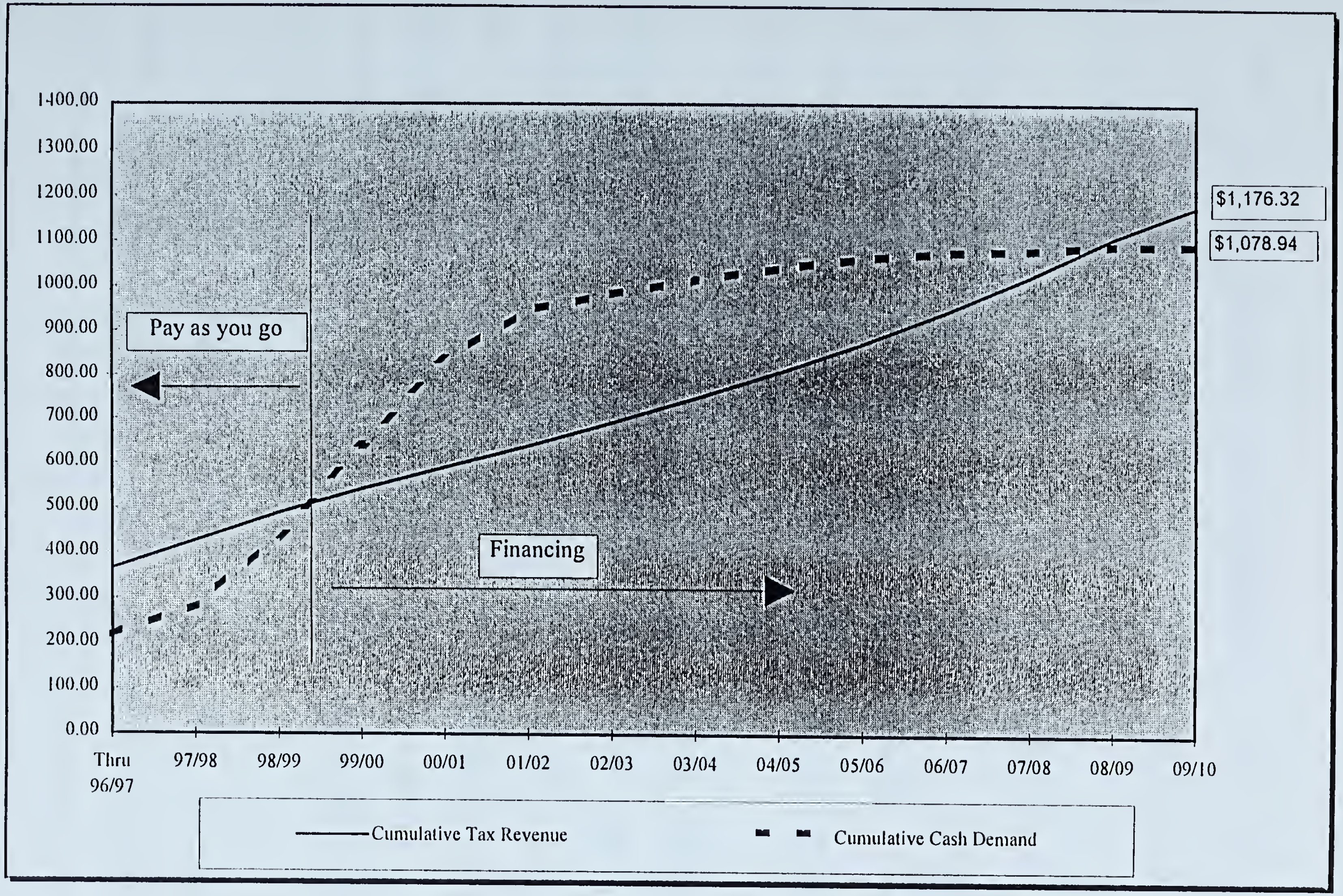
*TABLE 2 - Recommended Funding Allocations*

| No. | Project/Program | Lead | Priority | Through FY96/97 | FY97/98 | FY98/99 | FY99/00 | FY00/01 | FY01/02 | FY02/03 | FY03/04 | FY04/05 | FY05/06 | FY06/07 | FY07/08 | FY08/09 | 3/4 of FY09/10 | 10yr SPU Allocation | 20yr Program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Rehabilitation and Replacement** | | | | | | | | | | | | | | | | | | | |
| 16 | Vehicles | MUNI | 1 | 40.80 | 70.65 | 14.84 | 2.80 | 0.99 | 1.00 | 1.00 | 1.00 | 1.01 | | | | | | 134.09 | |
| b | LRV Purchase - (136 Cars) | | | 20.97 | 41.73 | | | | | | | | | | | | | 62.70 | |
| d | Motor Coach Purchase | | | 0.25 | 20.61 | 14.68 | 2.25 | | | | | | | | | | | 37.79 | |
| f2 | Trolley Coach Purchase - 2 | | | 4.82 | 7.97 | | | | | | | | | | | | | 12.79 | |
| f3 | Trolley Coach Purchase - O&M | | | 0.39 | 0.16 | 0.16 | 0.55 | 0.93 | 0.93 | 0.93 | 0.93 | 0.93 | | | | | | 5.89 | |
| g | Cable Car Reconstruction | | | | 0.18 | | | | | | | | | | | | | 0.18 | |
| h | Historic Rail Car Modifications | | | | | | | 0.07 | 0.07 | 0.07 | 0.08 | 0.08 | | | | | | 0.37 | |
| 18 | Facilities | MUNI | 1 | 15.28 | 12.98 | 19.88 | 23.89 | 0.83 | 5.71 | 0.06 | 0.06 | | | | | | | 78.70 | |
| b | 700 Pennsyvania Replacement | | | 4.00 | 2.78 | | | | | | | | | | | | | 6.78 | |
| c1 | Islais Creek - Phase 1 | | | 1.00 | | 6.97 | | | | | | | | | | | | 7.97 | |
| c2 | Islais Creek - Phase 2 | | | | | | 12.94 | | | | | | | | | | | 12.94 | |
| d | Revenue Center Replacement | | | | | 0.42 | 2.24 | | | | | | | | | | | 2.66 | |
| g | Green & Geneva Modifications. | | | 2.97 | | 2.04 | | | | | | | | | | | | 5.01 | |
| k | Wayside Fare Collection Equipment | | | | | 0.50 | 0.50 | 0.77 | | | | | | | | | | 1.76 | |
| m | Operator Restrooms | | | 1.28 | | 1.09 | | | | | | | | | | | | 2.38 | |
| n | Potrero Div. Rehab. | | | 0.65 | 0.25 | 0.87 | | | | | | | | | | | | 1.77 | |
| p | Central Control Replacement | | | | | | 0.76 | | 5.65 | | | | | | | | | 6.41 | |
| q | Facilities, Preservation Projects | | | | 9.95 | 5.49 | 6.17 | | | | | | | | | | | 21.60 | |
| r | Facilities, Trolley Reconstruction | | | | | 0.79 | | | | | | | | | | | | 0.79 | |
| s | Facilities, Track Rehab. | | | | | 1.72 | 1.29 | 0.06 | 0.06 | 0.06 | 0.06 | | | | | | | 3.25 | |
| 19 | Graffitti Prevention | MUNI | 1 | 0.05 | 2.50 | 2.49 | | | | | | | | | | | | 5.04 | |
| | Subtotal | | | 59.56 | 86.13 | 37.21 | 26.70 | 1.82 | 6.71 | 1.06 | 1.07 | 1.01 | | | | | | 221.25 | |
| | Financial Capacity Study | MUNI | 1 | 0.24 | | | | | | | | | | | | | | 0.24 | |
| | Capital Staffing Position | MUNI | 1 | 0.30 | 0.07 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.32 | 0.39 | 0.40 | 0.32 | | | | 3.37 | |
| Total-Transit | | | | 135.66 | 94.22 | 65.20 | 143.20 | 139.37 | 75.73 | 5.41 | 3.31 | 2.46 | 0.40 | 0.32 | | | | 665.29 | |
| **STREETS AND TRAFFIC SAFETY** | | | | | | | | | | | | | | | | | | | |
| **Street Resurfacing/Reconstruction** | | | | | | | | | | | | | | | | | | | |
| 20 | Street Resurfacing | DPW | 1 | 51.39 | 14.80 | 15.13 | 15.62 | 16.12 | 9.95 | 9.95 | 8.96 | | | | | | | 141.92 | |
| 21 | Seismic Reinforcement | DPW | 1 | 1.40 | 0.50 | 0.10 | | | | | | | | | | | | 2.00 | |
| 22 | Railroad Track Removal/Repair | DPW | 2 | 3.40 | 0.40 | | | | | | | | | | | | | 3.80 | |
| 23 | Sidewalk Repair | DPW | 2 | 3.66 | 0.80 | 0.70 | 0.60 | 0.60 | 0.51 | 0.32 | | | | | | | | 7.19 | |
| 24 | Street Repair & Cleaning Equip. | DPW | 2 | 6.53 | 0.85 | 0.80 | 0.76 | 1.24 | 0.96 | 1.14 | 0.89 | 0.91 | 0.94 | | | | | 15.02 | |
| | Subtotal | | | 66.37 | 17.35 | 16.72 | 16.98 | 17.96 | 11.43 | 11.42 | 9.84 | 0.91 | 0.94 | | | | | 169.92 | |
| **Traffic Signals and Street Signs** | | | | | | | | | | | | | | | | | | | |
| 25 | Signal Upgrading | DPT | 1 | 18.77 | 5.06 | 6.75 | 5.08 | 5.11 | 5.13 | 5.16 | 5.19 | 5.22 | 5.25 | | | | | 66.70 | |
| 27 | Raised Reflective Lane Markers | DPT | 2 | 0.10 | | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.12 | | | | | | 0.82 | |
| 28 | New Traffic Signals | DPT | 2 | 2.07 | 1.10 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | | | | | 7.15 | |
| 29 | Traffic Control Systems | DPT | 2 | 0.47 | 0.16 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | | | | | 1.02 | |
| 30 | Traffic Engineering Equip. | DPT | 2 | 0.52 | 0.12 | 0.10 | 0.07 | 0.14 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | | | | | 1.45 | |
| | Subtotal | | | 23.02 | 6.43 | 7.49 | 5.80 | 5.90 | 5.88 | 5.90 | 5.93 | 5.99 | 5.90 | | | | | 78.23 | |

*TABLE 2 - Recommended Funding Allocations*

| No. | Project/Program | Lead | Priority | Through FY96/97 | FY97/98 | FY98/99 | FY99/00 | FY00/01 | FY01/02 | FY02/03 | FY03/04 | FY04/05 | FY05/06 | FY06/07 | FY07/08 | FY08/09 | 3/4 of FY09/10 | 10yr. SPU Allocation | 20yr Program |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Major Capital Projects | | | | | | | | | | | | | | | | | | | |
| 33 | Embarcadero Roadway | DPW | 1 | 22.19 | 10.41 | (4.49) | 0.01 | (3.94) | 0.61 | 0.63 | 0.66 | 0.68 | 0.71 | 0.74 | | | | 28.20 | |
| | Embarcadero Roadway | DPW | | 21.43 | 10.00 | (4.88) | (0.55) | (4.53) | | | | | | | | | | 21 48 | |
| | Embarcadero Roadway O&M | | | 0.76 | 0.40 | 0.38 | 0.56 | 0.58 | 0.61 | 0.63 | 0.66 | 0.68 | 0.71 | 0.74 | | | | 6 73 | |
| 36 | Bernal Heights St. System Upgrading | DPW | 2 | 3.34 | 2.45 | | 1.56 | | | | | | | | | | | 7.35 | |
| 39 | Third Street Median Island | DPT | 2 | | | 9.01 | | | | | | | | | | | | 9.01 | |
| | Subtotal | | | 26.98 | 12.86 | 4.52 | 1.58 | (3.94) | 0.61 | 0.63 | 0.66 | 0.68 | 0.71 | 0.74 | | | | 46.01 | |
| Street Trees | | | | | | | | | | | | | | | | | | | |
| 40 | Planting & Maint. of Existing Trees | DPW | 1 | 2.25 | 0.40 | 0.40 | 0.40 | 0.40 | 0.30 | | | | | | | | | 4.14 | |
| 41 | Planting & Maint. of Additional Trees | DPW | 1 | 4.13 | 1.10 | 1.09 | 1.09 | | | | | | | | | | | 7.42 | |
| | Subtotal | | | 6.38 | 1.50 | 1.49 | 1.49 | 0.40 | 0.30 | | | | | | | | | 11.56 | |
| Total-Streets and Traffic Safety | | | | 122.74 | 38.14 | 30.23 | 25.85 | 20.31 | 18.21 | 17.95 | 16.43 | 7.58 | 7.55 | 0.74 | | | | 305.73 | |
| PARATRANSIT | | | | | | | | | | | | | | | | | | | |
| 42 | Paratransit | MUNI | 1 | 25.78 | 4.98 | 5.21 | 5.47 | 5.74 | 6.03 | 6.33 | 6.65 | 6.98 | 7.33 | 7.69 | | | | 88.17 | |
| TRANSPORTATION SYSTEMS MANAGEMENT | | | | | | | | | | | | | | | | | | | |
| Ridesharing and Transit Promotion | | | | | | | | | | | | | | | | | | | |
| 43 | Transit Preferential Streets | DCP* | 1 | 1.77 | 0.37 | 0.53 | 0.55 | 0.57 | 0.51 | 0.26 | 0.09 | 0.12 | 0.10 | 0.10 | | | | 4.96 | |
| a | Transit Preferential St. - DCP | | | 0.86 | 0.05 | 0.05 | 0.05 | 0.06 | | | | | | | | | | 1.08 | |
| d | Transit Preferential St. - DPT | | | 0.11 | | 0.15 | 0.16 | 0.16 | 0.17 | 0.17 | | | | | | | | 0.92 | |
| g | Boarding Area Improvements - Muni | | | 0.12 | 0.31 | 0.07 | 0.08 | 0.08 | 0.08 | 0.09 | 0.09 | 0.12 | 0.10 | 0.10 | | | | 1.24 | |
| h | Unidentified Projects - DPW | | | | | 0.26 | 0.26 | 0.27 | 0.26 | | | | | | | | | 1.05 | |
| 45 | Transportation Brokerage Program | DCP | 1 | 1.15 | 0.25 | 0.26 | 0.27 | 0.27 | 0.28 | 0.29 | 0.30 | 0.38 | | | | | | 3.45 | |
| 46 | Transportation Management Assoc. Program | DCP | 1 | 1.07 | 0.29 | 0.29 | 0.30 | 0.31 | 0.32 | 0.33 | 0.34 | 0.43 | | | | | | 3.68 | |
| | Subtotal | | | 4.00 | 0.90 | 1.08 | 1.12 | 1.15 | 1.11 | 0.88 | 0.73 | 0.92 | 0.10 | 0.10 | | | | 12.11 | |
| Bicycle and Pedestrian | | | | | | | | | | | | | | | | | | | |
| 47 | Bicycle, Ped., Elderly, & Disabled Access. | DPW* | 1 | 2.48 | 0.43 | 0.30 | 0.18 | 0.23 | 0.07 | 0.04 | 0.04 | 0.04 | 0.04 | | | | | 3.88 | |
| c | "Spot" Bicycle Program - DPT | | | 0.20 | 0.08 | 0.08 | 0.08 | 0.07 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | | | | | 0.74 | |
| d | Bicycle Plan - DPT | | | 0.15 | 0.35 | 0.22 | 0.10 | 0.16 | 0.02 | | | | | | | | | 1.01 | |
| 48 | Downtown Ped. Proj. | DCP* | 1 | 1.35 | 1.27 | 0.40 | 0.22 | 0.35 | | | | | | | | | | 3.58 | |
| a | Downtown Ped Projects - DCP | | | 0.69 | 0.05 | 0.05 | 0.05 | 0.05 | | | | | | | | | | 0 89 | |
| b | Fourth St. Widening - DPW | | | 0.57 | 1.00 | | | | | | | | | | | | | 1.57 | |
| c | Ecker St. & Alleyways(98/99) - DPW | | | 0.09 | 0.04 | 0.25 | | | | | | | | | | | | 0.37 | |
| d | Stockton St. & Pioneer Park - DPW | | | | 0.13 | | | | | | | | | | | | | 0.13 | |
| e | Signage(97/98)& Other Projects - DPW | | | | 0.06 | 0.10 | 0.17 | 0.30 | | | | | | | | | | 0.62 | |
| | Subtotal | | | 3.91 | 1.70 | 0.70 | 0.40 | 0.58 | 0.07 | 0.04 | 0.04 | 0.04 | 0.04 | | | | | 7.54 | |
| Total-Transportation Systems Management | | | | 7.91 | 2.60 | 1.78 | 1.52 | 1.74 | 1.18 | 0.92 | 0.77 | 0.97 | 0.14 | 0.10 | | | | 19.64 | |
| | Operations & Maintenance Demand | | | 3.39 | 3.81 | 4.08 | 5.13 | 4.90 | 5.25 | 5.59 | 3.51 | 2.67 | 0.71 | 0.74 | | | | 39.79 | |
| TOTAL CAPITAL PROJECTS AND PROGRAMS | | | . | 292.10 | 139.94 | 102.42 | 176.03 | 167.16 | 101.15 | 30.62 | 27.16 | 17.99 | 15.42 | 8.85 | | | | 1,078.84 | |

# TABLE 3 - CUMULATIVE TAX REVENUE AND CASH DEMAND (Escalated$ in Millions)




| | Thru 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | 04/05 | 05/06 | 06/07 | 07/08 | 08/09 | 09/10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cumulative Net Revenues* | 365.62 | 427.33 | 489.42 | 542.29 | 590.50 | 638.72 | 691.07 | 747.21 | 807.66 | 873.05 | 944.08 | 1,021.57 | 1,106.34 | 1,176.32 |
| Cumulative Cash Demand | 218.20 | 283.91 | 439.01 | 640.18 | 836.46 | 946.23 | 982.21 | 1013.73 | 1040.50 | 1061.25 | 1075.06 | 1078.84 | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Cash Flow | 147.43 | 143.43 | 50.41 | -97.89 | -245.96 | -307.52 | -291.14 | -266.52 | -232.84 | -188.20 | -130.97 | -57.27 | | |

* Net Receipts Available For Projects/Programs (Net Receipts-Finance Cost = Net Receipts Available for Projects)

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*Optimize Mobility in the City*

FILE NO. FC120897 RESOLUTION NO. 97-54

RESOLUTION ADOPTING THE AUTHORITY'S 1997 STRATEGIC PLAN UPDATE TO FUND AND DELIVER THE PROPOSITION B TRANSPORTATION EXPENDITURE PLAN.

WHEREAS, The San Francisco Board of Supervisors in July 1989 adopted a Transportation Expenditure Plan to pay for designated capital improvements for local transit, streets and traffic safety, paratransit and transportation systems management programs, which was endorsed by the voters in November 1989; and

WHEREAS, The Expenditure Plan for the San Francisco County Transportation Authority provides brief descriptions and funding "caps" for eligible projects and programs approved by the voters of the City and County of San Francisco but leaves the policies, processes, programming, and day-to-day administration of those projects and programs to the Authority to establish, implement, and monitor in a manner consistent with the intent and spirit of the Expenditure Plan; and

WHEREAS, Proposition B established the San Francisco County Transportation Authority (Authority) as the agency responsible for administrating sales tax revenues to be generated from 1990 to 2010 as well as overseeing the timely and cost-effective expenditure of such funds; and

WHEREAS, On October 23, 1995, the Authority Board adopted its first

Strategic Plan Update, a 9-year funding plan which provided multi-year programming commitments through FY03/04 and adopted various funding policies to provide the foundation for developing a long-range financial plan; and

WHEREAS, Since its adoption the Authority continues to use the Strategic Plan as a guide for annual allocations and for the past year the Authority, with assistance from the Sponsoring Agencies, the Citizen's Advisory Committee, and consultants, has worked to update and refine the project scope, schedule, cost and funding information contained in the 1995 Strategic Plan Update, consistent with the Expenditure Plan; and

WHEREAS, The 1997 Strategic Plan Update includes programming recommendations and major policy recommendations; and

WHEREAS, The Strategic Plan Update clearly demonstrates the need for future debt financing; and

WHEREAS, Proposition B authorized the Authority to issue revenue bonds (or other appropriate debt financing instruments) to pay for designated transportation improvement projects and programs; now, therefore, be it

RESOLVED, That San Francisco County Transportation Authority hereby adopts the attached 1997 Strategic Plan Update which continues a pay-as-you-go strategy for FY97/98 to FY99/00 with the assumption that in FY99/00 the Authority will need to use some financing mechanism to support the authorization and allocation of sales tax revenues for FY99/00 through FY

2005/06, primarily for two major projects: the Third Street Light Rail Project and the purchase of light rail vehicles; and be it further

RESOLVED, That the projects and programs of the 1997 Strategic Plan Update represent the Authority's highest priority for sales tax funding in the next ten years, subject to annual approvals based on available revenues and satisfactory implementation progress, and that the Controller can rely on such commitments when specifically incorporated in an Authority resolution for purposes of determining fund availability; and be it further

RESOLVED, That the Authority intends to review and update the Strategic Plan every two years.

ATTACHMENT

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